

Atlantic Richfield Company

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September 3, 2010

Mr. Steven Way
On-Scene Coordinator
Emergency Response Program (8EPR-SA)
US EPA Region 8
1595 Wynkoop Street
Denver, CO 80202-1129

Re: St. Louis Tunnel and Ponds, Rico CO
August 27, 2010 Meeting - Proposed 2010 Actions

Dear Steve:

Thank you for the frank exchange of information during our meeting last week. Atlantic Richfield looks forward to working cooperatively with EPA and the State of Colorado to successfully recondition and upgrade the St. Louis Tunnel treatment system and to resume water treatment.

In our meeting, EPA and Atlantic Richfield discussed actions that could be completed this year to protect the integrity of the upper ponds, while a path forward is defined on a parallel track to re-establish the lime-treatment system and manage system solids. As we explained, Atlantic Richfield has routinely inspected and maintained the pond system since 2001 on a voluntary basis, including the pond berms and hydraulic structures. Based on our observations, we do not believe there is an imminent risk that any of the pond berms will overtop or fail.

EPA seemed most concerned about Pond 18, which has a water level with a minimal freeboard and contains the most volume of lime solids from past operation of the on-site treatment system. To address EPA's concerns, Atlantic Richfield proposes the following actions this year to further reduce the possibility of a berm failure, pond overtopping, or release of solids from Pond 18. This work would be completed in tandem with Atlantic Richfield's comprehensive evaluation and planning activities to support rehabilitation of the overall St. Louis Tunnel ponds and water treatment system.

1. Lower Pond 18 Water Level. Atlantic Richfield will re-construct the Pond 18 outlet structures, which control the water levels in the pond. This will lower the Pond 18 water level, providing greater freeboard. In addition, Pond 18 will be taken off-line by re-routing flows from the St. Louis Tunnel directly into Pond 15 (the second pond in the series) for several months prior to and during the work, allowing the water remaining in the pond to slowly drain.
2. Decrease Solids Level in Pond 18. De-watering Pond 18 for several months while the outlet structures are retrofitted will also cause the accumulated solids in the pond to consolidate. When Tunnel discharge flows are later re-introduced to Pond 18, the consolidation of the pond solids should be largely unaffected, since only minimal hydration of the pond solids is expected.
3. Routine Ponds Inspection. All existing ponds will be visually inspected monthly (or more frequently, as appropriate) to ensure that water levels within the ponds remain at expected levels. Evidence of conditions that could lead to breaching or over-topping will be noted during the inspections for formulation of follow-up work, as appropriate. Specifically, AR will have a representative inspect the entire pond system, including the upper ponds, and provide AR and EPA with monthly written progress reports (or emails).
4. Pond Maintenance. Based on information generated during the inspections, the ponds' outlet structures will be maintained to ensure the water levels in the ponds will remain at expected levels. This maintenance will include, but not be limited to, removal of debris accumulated in the outlet structures which may cause water levels in the ponds to rise. If other more significant maintenance is needed, AR will consult with EPA as to the concern and recommend a resolution prior to performing the work.

Atlantic Richfield would perform these actions under an administrative order that incorporates a Statement of Work that is acceptable to both parties. The order and Atlantic Richfield's performance obligations would terminate with completion of the planned 2010 actions. Concurrent with the 2010 work activities, we will continue our dialogue with EPA and the State of Colorado to define the process for obtaining a discharge permit, reviewing Atlantic Richfield's final design for the treatment system and related on-site solid waste management activities, and collecting any additional data necessary for permitting and design. We anticipate providing EPA and the State with a more detailed schedule for completing these other actions in the coming weeks, as we committed during the August 27 meeting.

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Given the limited remaining time in the 2010 construction season, Atlantic Richfield welcomes EPA's prompt consideration of this proposal. Our intent is to initiate and complete the Pond 18 work in the September – October 2010 timeframe. Please contact me at your earliest convenience to answer any questions you may have in the course of EPA's review.

Respectfully,



Chuck Stilwell, P.E.

cc: Robert Trull
Robin Bullock
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